

Senate Study Bill 1054

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CO=CHAIRPERSONS BEHN
and WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act allowing the exclusion of mandated health care benefit
2 coverage in certain health insurance policies or contracts.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1749SC 81
5 av/gg/14

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1 1 Section 1. NEW SECTION. 514C.6A MANDATED HEALTH CARE
1 2 BENEFITS == EXCLUSION ALLOWED.
1 3 1. DEFINITIONS. As used in this section, unless the
1 4 context otherwise requires:
1 5 a. "Carrier" means an entity subject to the insurance laws
1 6 and regulations of this state, or subject to the jurisdiction
1 7 of the commissioner, that contracts or offers to contract to
1 8 provide, deliver, arrange for, pay for, or reimburse any of
1 9 the costs of health care services, including an insurance
1 10 company offering sickness and accident plans, a health
1 11 maintenance organization, a nonprofit health service
1 12 corporation, an organized delivery system, or any other entity
1 13 that provides a plan of health insurance, health benefits, or
1 14 health services.
1 15 b. "Mandated health care benefit" means coverage that is
1 16 required or required to be offered under this chapter or other
1 17 state law in an individual or group hospital or health care
1 18 service contract if the law mandating coverage does any of the
1 19 following:
1 20 (1) Stipulates coverage for specific health care services,
1 21 benefits, technologies, or treatments.
1 22 (2) Places limitations or restrictions on deductibles,
1 23 coinsurance, copayments, or annual or lifetime maximum benefit
1 24 amounts.
1 25 (3) Designates a specific category of health care provider
1 26 from whom an insured is entitled to receive care.
1 27 (4) Requires coverage for all services that a health care
1 28 provider recommends that are consistent with "generally
1 29 accepted principles of professional medicine" or a similar
1 30 standard.
1 31 (5) Requires a specific level of payment or rate of
1 32 reimbursement.
1 33 (6) Mandates methods of payment, price negotiation,
1 34 content, or organization of health insurance plans or provider
1 35 contracts.
2 1 2. EXCLUSION. A carrier that issues policies or contracts
2 2 providing for third-party payment or prepayment of health or
2 3 medical expenses may offer at least one policy or contract
2 4 that does not include coverage for specific mandated health
2 5 care benefits. Such a policy or contract shall include a
2 6 statement specifying what mandated health care benefits are
2 7 not included in the coverage under the policy or contract.
2 8 3. APPLICABILITY.
2 9 a. This section applies to the following classes of third=
2 10 party payment provider contracts or policies delivered, issued
2 11 for delivery, continued, or renewed in this state on or after
2 12 July 1, 2005:
2 13 (1) Individual or group accident or health insurance
2 14 providing coverage on an expense-incurred basis.
2 15 (2) An individual or group hospital or health care service

2 16 contract issued pursuant to chapter 509, 514, or 514A.
2 17 (3) An individual or group health maintenance organization
2 18 contract regulated under chapter 514B.
2 19 (4) A policy or contract issued by any other entity
2 20 engaged in the business of insurance, risk transfer, or risk
2 21 retention, which is subject to the jurisdiction of the
2 22 commissioner.
2 23 (5) A plan established pursuant to chapter 509A for public
2 24 employees.
2 25 (6) A policy or contract issued by an organized delivery
2 26 system licensed by the director of public health.
2 27 b. This section shall not apply to accident-only,
2 28 specified disease, short-term hospital or medical, hospital
2 29 confinement indemnity, credit, dental, vision, Medicare
2 30 supplement, long-term care, basic hospital and medical=
2 31 surgical expense coverage as defined by the commissioner,
2 32 disability income insurance coverage, coverage issued as a
2 33 supplement to liability insurance, workers' compensation, or
2 34 similar insurance, or automobile medical payment insurance.

2 35 EXPLANATION
3 1 This bill creates new Code section 514C.6A, which allows
3 2 for the exclusion of mandated health care benefits in certain
3 3 health insurance policies or contracts. The bill provides
3 4 that a carrier that issues policies or contracts providing for
3 5 third-party payment or prepayment of health or medical
3 6 expenses may offer at least one policy or contract that does
3 7 not include coverage for specific mandated health care
3 8 benefits that are otherwise required by statute. Such a
3 9 policy or contract must include a statement specifying what
3 10 mandated health care benefits are not included in the policy
3 11 or contract.
3 12 The new Code section applies to certain policies or
3 13 contracts providing for exclusions of mandated health care
3 14 benefit coverage that are delivered, issued for delivery,
3 15 continued, or renewed in this state on or after July 1, 2005.
3 16 LSB 1749SC 81
3 17 av:nh/gg/14